Washington, D.C. - Rep. Peter Welch (VT-AL) has introduced legislation to prevent the ousted chief executives of Fannie Mae and Freddie Mac from receiving as much as $25 million in severance pay unless authorized by Congress.

Welch was first contacted by a Rutland man suggesting he introduce this legislation. He has since received similar suggestions from several other Vermonters.

On September 7, the Federal Housing Finance Agency (FHFA) seized control of the failing mortgage companies and removed their chief executives. Former chief executive of Fannie Mae, Daniel Mudd and former chief executive of Freddie Mac, Richard Syron could be eligible for as much as $9.8 million and $14.9 million in severance pay, respectively.

"After bailing out these companies, it's unconscionable to stick taxpayers with the bill for golden parachutes that reward complete failure. They simply don't deserve a $25 million parting gift from taxpayers," said Welch.

The FHFA, the regulator that now controls the two mortgage agencies, recently announced it intends to eliminate these severance payments. Congress gave FHFA the authority to limit such compensation in the comprehensive housing bill it passed this summer supported by Welch.

Welch added, "It's welcome news that the administration plans to limit severance payments. But Congress must act to protect taxpayers if they fail to follow through."